

Building a Data Economy

Prepared for CWIC, November 2022

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Data Gap

It is real and growing

There is a growing data gap between global Big Tech and potential competitors, disruptors and innovators.



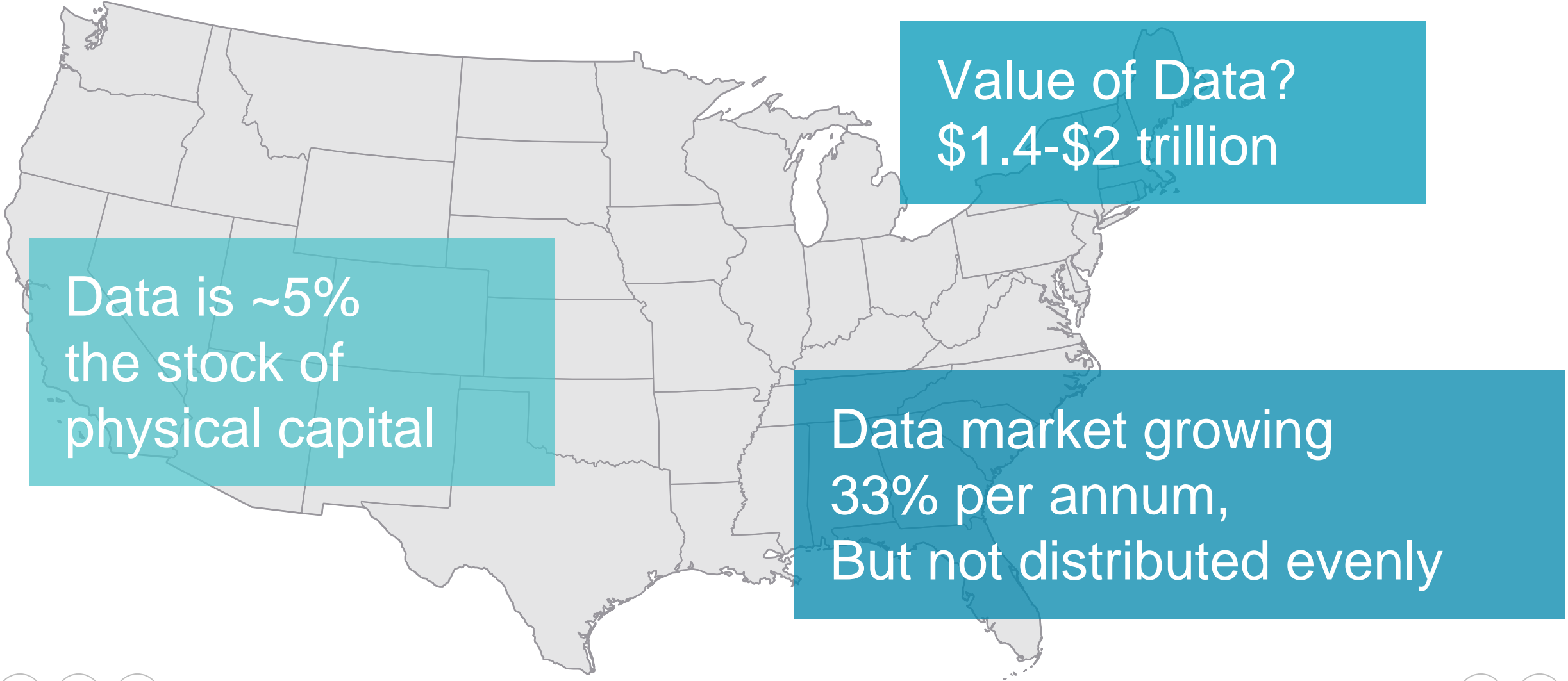
Barriers to Entry

A large, historic brick castle with multiple towers and a bridge over a river, under a blue sky with white clouds. The castle is built of red brick and features several prominent towers with crenellated tops. A stone bridge with multiple arches spans across a river in the foreground, leading towards the castle. The sky is bright blue with scattered white clouds. The overall scene is a classic representation of a fortified structure.

This data gap is a barrier to entry that affects not only businesses but also aggregate innovation, investment and trade:

Large data holdings, rich in volume and variety, thus give large online platforms a significant competitive advantage, powered by network effects and the virtuous cycle between data and the AI algorithms improving the services and increasing revenues.

Data Market: US Estimates



Platforms' disruption of incumbents' firm-specific knowledge is significant: they grow the data market and own it. Many platforms are adopting the super-app approach because the ability to combine data from multiple sources is even more advantageous than we might think.



Super-apps are yet another confirmation that data isn't the new oil. The use of data produces even more data and the more this reservoir data grows the more it feeds innovations and generates positive externalities.



Digital Trade Surplus

*Net importer of data
Net exporter of digital goods*

Digital Trade Disadvantage

*Net data exporter
No scale local platforms*

More Domestic Use

*Net importer of data
Net exporter of digital goods*

National Data Strategy

21st century necessity

Manifesto

Make data work harder to the benefit of all the stakeholders



Sovereignty

Grow the national data market



Privacy

Use new the tools of counterintuitive cryptography, new structures such as data trusts



Security

Use the tools of cryptography, shared ledgers, tokens and defi



Access

Open up the "data hoards" to the benefit of the wider economy

Sovereignty

Digital Sovereignty

Many countries are revising their data policies and localisation rules in a thrust for “digital sovereignty”.

This is a useful catch-all description of the many ways that governments try to assert more control over their digital infrastructure. It has long been a concern in supply chains, affecting the kinds of hardware and software available in a given market.

This form of resurgent nationalism is fragmenting the cloud and damaging data trade.

Data Flows Example: Taiwan

Google has two data centres in Taiwan to support its operation in Asia.

This means that there are large cross-border data flows between Taiwan and other countries, but most of the benefits of these flows do not accrue to Taiwan itself.



We are in an era of data hoarding where companies are storing all the data they can. But as it sits in these hoards, that data is not working to the greater good.

The British government wants to stimulate trade and innovation by “reducing unnecessary barriers and burdens on international data transfers”:
They want to “fix GDPR”`.

The core of the plan makes good economic sense: GDPR restricts firms from repurposing data beyond its original intended use without re-obtaining consent from individuals (to safeguard privacy) which limits data sharing among firms.

I am sensitive about privacy while at the same time agreeing with Elizabeth Denham who ,when Information Commissioner, supported sharing, saying "data driven innovation stands to bring enormous benefits to the UK economy".

Blocking

Blocking data flows benefits no-one. Blocking trade makes everyone worse off.



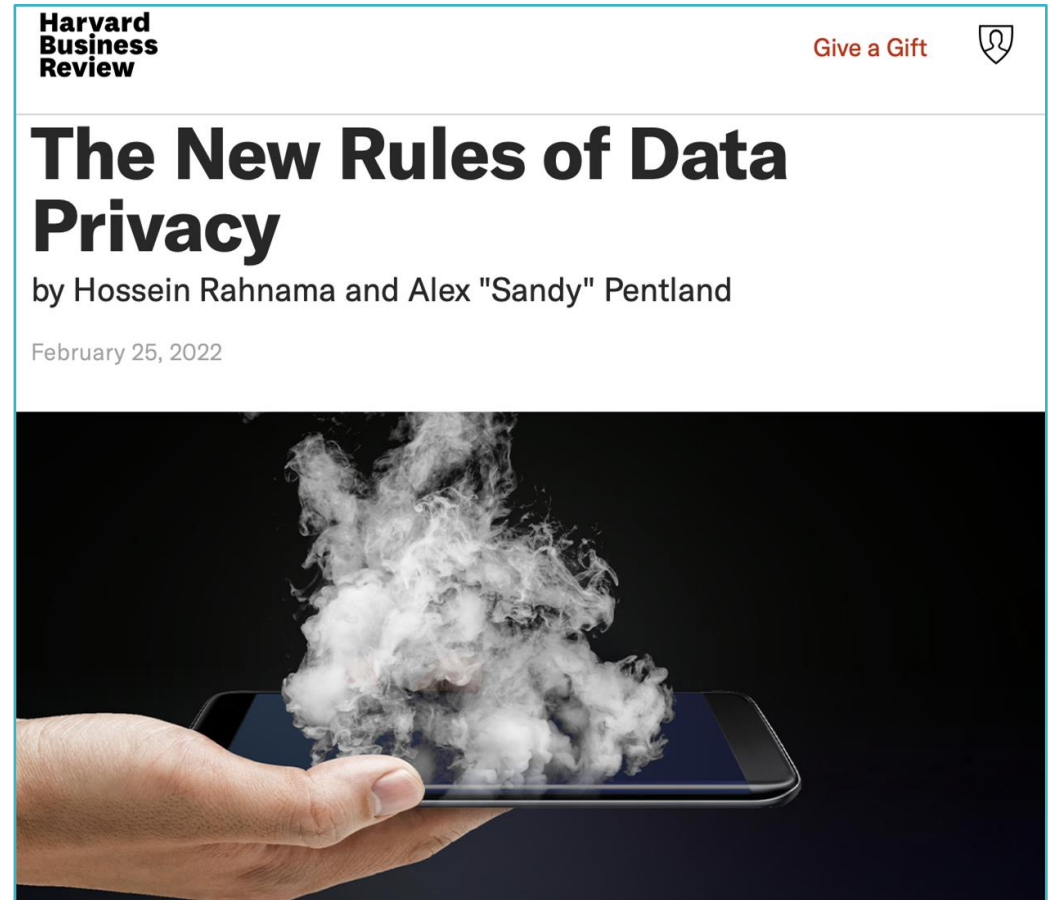
Privacy and Security

A New Way

There is no “balance”: The economy needs both security and privacy

With security and privacy assured, people will not hoard their data assets but will instead share them with companies that provide them a return in the form of more and better personalized services (this where new ideas based on **counterintuitive cryptography** come into the picture).

People may even allow those companies to share insights drawn from their data, provided that they share in the benefits (this is where ideas around **data trusts** can be so valuable).



Counterintuitive Cryptography

We have new tools available to us



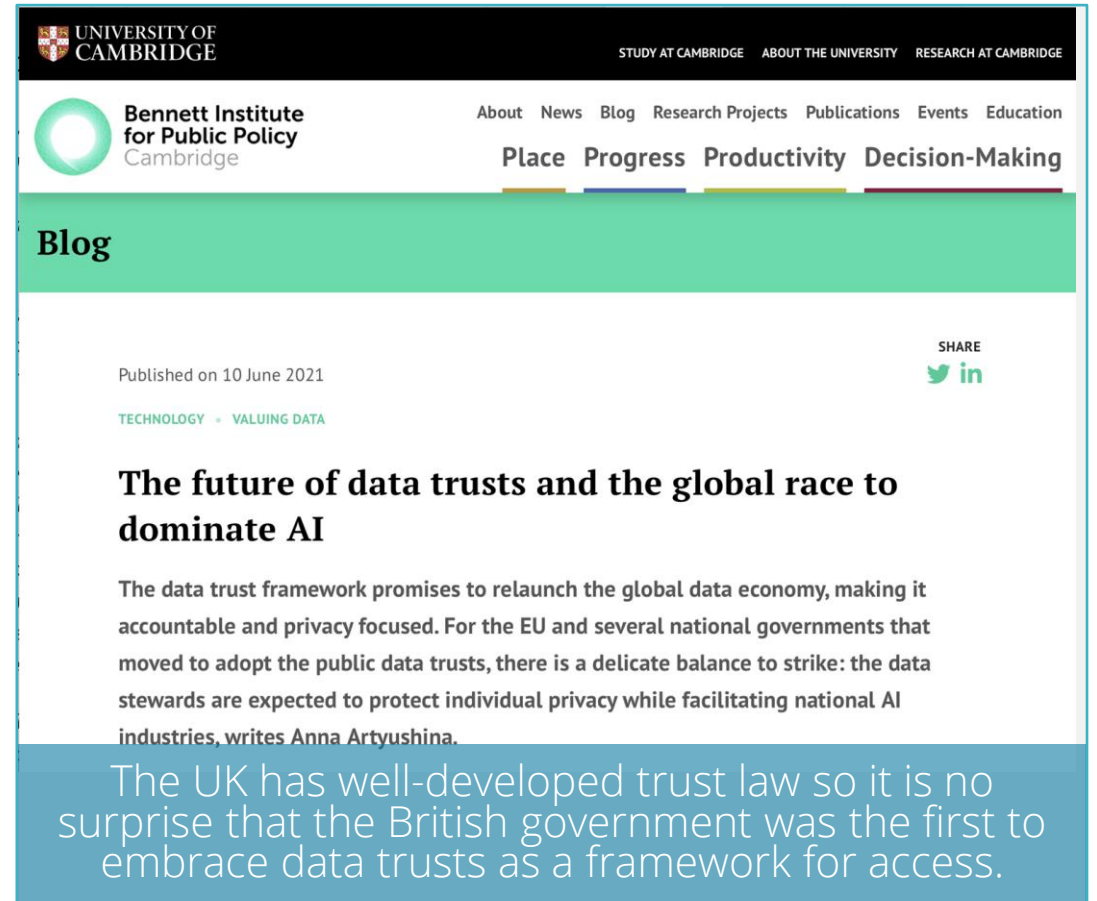
Data Trusts

A practical model for access in a data economy

An open data-sharing ecosystem will increase productivity and therefore economic wellbeing.

A data trust is a steward that manages someone's data on their behalf.

In the UK, trust law is widely applied to manage the public and common resources. The British government sees data trusts as a way to manage access.



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TECHNOLOGY • VALUING DATA

The future of data trusts and the global race to dominate AI

The data trust framework promises to relaunch the global data economy, making it accountable and privacy focused. For the EU and several national governments that moved to adopt the public data trusts, there is a delicate balance to strike: the data stewards are expected to protect individual privacy while facilitating national AI industries, writes Anna Artyushina.

The UK has well-developed trust law so it is no surprise that the British government was the first to embrace data trusts as a framework for access.

Access

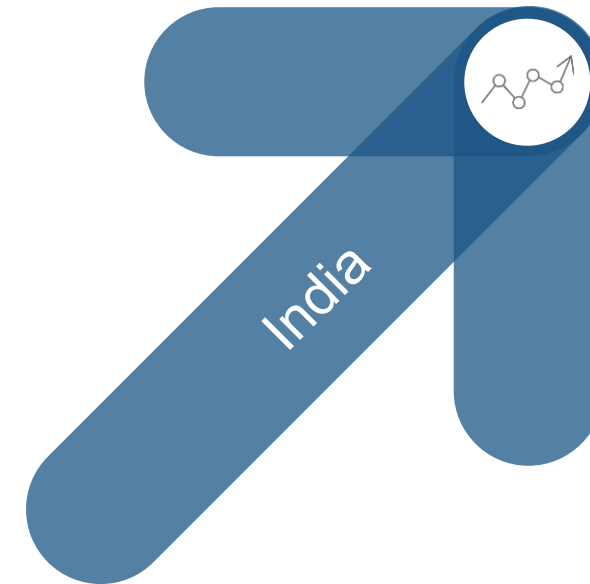
The Open Era and Economic Growth

The McKinsey Global Institute Figures

The broad adoption of open-data ecosystems could result in economic growth of around 1-1.5% of GDP in 2030 in the European Union, the United Kingdom and the United States.



In India, they suggest growth might be much higher, at 4-5%.



Big Regulation

Open banking was a good place to begin the attack on data hoarding.
Open finance is an obvious next step.
The fintech sector's demands should be maximal!
Open everything! A practical manifesto for Big Tech!



Santander chair calls EU rules on payments unfair

Tech start-ups given advantage over traditional banks, Botín tells FT



Save



At SIBOS 2019, the CEO of ING Steven Van Rijswijk [re-iterated] the need for reciprocity, saying he wanted the regulators to come up with an equivalent for banks so "the data flow can go two ways".

Ana Botín, executive chairman of Santander © Bloomberg

The Open Way

It seems to me that regulators might adopt the open banking, API-based approach across developed and developing economies to kill two birds with one stone: requiring both Big Banking and Big Tech to provide API access to customer's data would both open up data hoards and stimulate competition.

This symmetric data exchange can lead to a creative rebalancing of the relationship between the sectors and make it easier for competitors to emerge.

Instead of turning back to the 20th century anti-trust remedies against monopolies in railroads and telecoms, open banking adumbrates a model for the 21st century anti-trust remedy against oligopolies in data, relationships and reputation.



We don't need to break them up; we need to break them open.
Tom Wheeler, former chairman of the Federal Communications Commission during the Obama administration.

Identity is the New Money (2014)
Before Babylon, Beyond Bitcoin (2017)
The Currency Cold War (2020)

- Forbes contributor;
- Financial World columnist;
- Wired top 15 favourite source of business information;
- PR Daily top 10 Twitter account followed by innovators;
- Honorary President, European e-ID Association;
- UK payments industry "Power 10";
- Financial Brand top 10 influential voice in banking;
- Global top 30 fintech influencer.
- Total Payments Europe's most influential commentator on emerging payments;

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